
BOARD CHARTER

1. Purpose

- 1.1. This Board Charter (“Charter”) sets out the role, responsibilities, composition and structure, practices and behaviours that underpin the function of the Board of Directors (“Board”) of Ports of Auckland Limited (“POAL”). It is not intended to provide a complete record of all formal and informal rules relevant to the Board.

2. Role and Responsibilities of the Board

- 2.1. The primary duty of the Board is to act in what it believes to be the best interests of POAL for the long-term benefit of POAL’s shareholder. The Board has ultimate responsibility for the strategic direction of POAL and its subsidiary companies and for supervising management’s operation of POAL’s business.
- 2.2. In performing its responsibilities, the Board operates in accordance with all applicable laws and regulations (noting particularly the Companies Act 1993 and the Port Companies Act 1988), POAL’s constitution, Corporate Governance Statement and Statement of Corporate Intent. The Board will also act in accordance with the Memorandum of Understanding with Auckland Council dated 28 June 2018 (the “MOU”). The Board is expected to exercise a high standard of commercial judgement.
- 2.3. Specific responsibilities of the Board include:
- a. Appointing the Chief Executive, supervising and monitoring the performance of the Chief Executive and senior management, and overseeing the remuneration, development and succession planning for the Chief Executive and senior management.
 - b. Overseeing POAL’s risk management framework, including ensuring the principal risks are identified and appropriate internal controls and monitoring systems are in place to manage and reduce the impact of these risks.
 - c. Overseeing POAL’s legal compliance, ensuring compliance with all laws, governmental regulations and accounting standards.
 - d. Ensuring POAL has appropriate policies that govern the management and operation of the business and that these policies are regularly reviewed and approved.
 - e. Monitoring POAL’s financial and non-financial performance against the business plan including:
 - approving and monitoring the progress of major capital expenditure, acquisitions and divestments;
 - ensuring POAL can meet its debts and other obligations when they fall due;
 - ensuring POAL’s financial statements are true and fair and otherwise conform with law; and
 - approving those statements and any dividends.

- f. Overseeing POAL's health and safety strategy and systems to ensure the safety of POAL's employees, contractors and visitors.
- g. Overseeing POAL's sustainability strategy and environmental management systems, including supporting POAL's commitment to its climate change goals.
- h. Overseeing and supporting POAL's relationship with its shareholder, including:
 - ensuring that POAL provides accurate reports;
 - conferring with the shareholder before material changes to its infrastructure, investments or strategic direction;
 - notifying the shareholder of events that could be reasonably anticipated to have a high level of public interest; and
 - approving POAL's Statement of Corporate Intent and overseeing progress towards meeting the key performance targets contained within.

3. Conduct

- 3.1. The Board is committed to maintaining, and ensuring that management maintains, the highest standards of governance, ethics, corporate behaviour and accountability.

4. Board Composition and Induction

- 4.1. The number of Directors on the Board at any one time is determined in accordance with the Constitution.
- 4.2. The Board will regularly review its composition, evaluating the competencies and skills required to carry out its roles and responsibilities and work with the Shareholder to ensure the composition is effective in doing so. The Board Appointment and Remuneration Policy is set out in Annex A of the MOU.
- 4.3. New Directors will have the benefit of a comprehensive induction to deepen their understanding of POAL and the operating environment including meeting with key management and receipt of essential Board and POAL information.

5. Chair, Deputy Chair, Company Secretary

- 5.1. The Chair and Deputy Chair are elected by the Board. Prior to this the Chair (or in the case of election of the Chair, the Deputy Chair) of the Board will confer with the Mayor and Chief Executive of Auckland Council as to the person the Board is minded to elect to such position in accordance with the Board Appointment and Remuneration Policy as set out in Annex A of the MOU. In the absence of the Chair, the Deputy Chair will assume the role of the Chair.
- 5.2. The role and responsibilities of the Chair are to:
 - Provide effective leadership to the Board and be the primary interface with the Chief Executive.
 - Promote the integrity and effectiveness of the governance processes of the Board, and the efficient and ethical conduct of Board meetings.

- Provide Directors with the opportunity to discuss contrasting views, explore ideas and generate the collective views and contribution of knowledge necessary for the effective operation of the Board and POAL.
 - Maintain regular dialogue with the Chief Executive on operational issues and financial performance and, where required, escalate matters to all Directors for consideration and resolution.
 - Chair Board meetings and Shareholder meetings, and represent the Board with the Shareholder and other stakeholders.
 - Approve, in consultation with the Board, the appointment of advisors who report to the Board.
- 5.3. The Company Secretary of the Board is responsible for providing administrative support in respect of Board policy and procedure, co-ordinating the timely dispatch of the agenda and briefing material, recording minutes, providing advice on any legal matters affecting the Board's decisions or the operation of the business, assisting the Chair with any Shareholder communication and maintaining all official Board and statutory records.

6. Responsibility of Individual Directors

- 6.1. The directors are committed to the proper and responsible fulfilment of their duties to POAL and to the Shareholder. In particular, the directors are mindful of their legislative duties which include, but are not limited to, the following:
- Directors must act in good faith and in the best interests of POAL;
 - Directors must exercise power for a proper purpose;
 - Directors must not act in a manner that contravenes the law or POAL's Constitution;
- 6.2. Directors will comply with the policies and procedures of POAL to the extent that these apply to Directors.
- 6.3. Directors will use their best endeavours to attend all Board meetings, to prepare thoroughly and participate fully. Board discussion should be open and constructive, recognising that different perspectives bring improved clarity and better decisions.
- 6.4. Directors are expected to advise the Chair of any proposed board appointments as soon as practicable. Any Director may accept other board appointments as long as the other appointment is not in conflict with their role and will not affect the Director's performance at POAL.
- 6.5. Directors must ensure all interests (private or business) are advised to the Board and recorded in the Interests Register. Directors must avoid conflicts of interest wherever possible. The Directors will minimise the possibility of a conflict of interest by restricting their involvement in businesses that could lead to a conflict of interest. The Board will regulate its procedures to effectively manage any conflicts of interest including ad hoc conflicts which arise in respect of a specific agenda item.
- 6.6. Because a conflict of interest (actual or perceived) may be created, Directors will not, except in exceptional circumstances, provide business or professional services to the Company.
- 6.7. Directors will keep POAL and Board information, discussions and decisions that are not publicly known, confidential.

- 6.8. Directors are expected to keep themselves current on how best to discharge their responsibilities as directors including keeping abreast of changes and trends in POAL's business, environment and markets, and economic, political, social, financial and legal climates and governance practices generally.

7. Delegation of Authority to Management

- 7.1. The Board has delegated day to day operation of POAL to the Chief Executive subject to specific documented limits of authority. The Board monitors use of this delegated authority.
- 7.2. The Chief Executive in turn has implemented a Delegation of Authority Policy which further delegates the Chief Executive's authority for specific and limited decision making to POAL management to support individual accountability.

8. Board Committees

- 8.1. The Board has two standing committees; the Audit Committee and the Remuneration Committee. From time to time the Board may establish special purpose committees to deal with specific issues.
- 8.2. Committees will operate under a charter approved by the Board and observe the same rules of conduct and procedure as the Board unless the Board determines otherwise.
- 8.3. Committee chairs and members are appointed by the Board. Committee membership will be reviewed annually.

9. Board Meetings and Procedures

- 9.1. Board meetings and proceedings are primarily governed by legislation and by the Constitution. Outside these requirements, Board meetings and proceedings will follow good governance practices and operate on the following basis.
- 9.2. Frequency - The Board will meet as and when required to undertake and complete its responsibilities.
- 9.3. Method of meeting - The majority of meetings are expected to be in person. Directors unable to be present may participate by other technology means with the prior agreement of the Chair of the meeting. By prior arrangement Directors' meetings may be held by any technological means by which they can participate in discussion even though they may not be physically present.
- 9.4. Written resolutions – Directors may, from time to time, sign a resolution in writing which shall be as valid and effective as if passed at a meeting of the Board duly convened and held, however the use of written resolutions in lieu of a meeting of the Board is discouraged.
- 9.5. Quorum - A quorum for a meeting of the Board is the greater of four Directors or such number of Directors as represents a majority of the Directors. No business may be transacted at a meeting of Directors if a quorum is not present.
- 9.6. Board material - To enable appropriate review by Directors, the information and approval papers for Board meetings are issued to Directors five clear days (including a weekend) before the meeting. In the case of an urgent meeting or resolution, directors must all agree to the short notice. The content, presentation and delivery of papers to Directors for each meeting is produced according to the guidelines agreed by the Board and as deemed necessary to enable the Board to effectively discharge its duties.

- 9.7. Agenda - The standard agenda will be reviewed from time to time and agreed with Directors to ensure it covers all the responsibilities of the Board. The standard agenda will be supplemented with topics that are either in the work plan or are emerging and relevant topics. The Company Secretary, in conjunction with the Chief Executive and Chair, establishes the specific agenda for each Board meeting.
- 9.8. Minutes - Draft minutes of each Board meeting will be prepared by the Company Secretary promptly following the meeting for review by the Chair. The draft minutes will then be distributed to Directors promptly. The draft minutes will be considered for approval at the next Board meeting.
- 9.9. Closed session - The Board may elect to meet without the Chief Executive and/or management present for a closed discussion on any POAL matter.
- 9.10. Invitees - Directors and the Chief Executive (with the prior consent of the Chair) may invite management or advisors to attend Board meetings as deemed appropriate.

10. Reliance on Advice

- 10.1. Directors are entitled to rely on the honesty, integrity and advice of management, external advisers and auditors but must not substitute reliance on that advice for the Board's own due consideration of the matters to be considered by the Board.
- 10.2. Directors may access such information and seek such independent advice, as they individually and collectively consider necessary to fulfil their responsibilities. Independent professional advice will only be sought with the consent of the Board, which will not be unreasonably withheld or delayed. Actual and reasonable costs of the advice will be at POAL's expense.
- 10.3. Directors have access to management to request relevant information and explanations. Directors will keep the Chief Executive and Chair advised of all such requests.
- 10.4. The Board may rely upon information provided by Board Committees and their members in relation to matters within that Committee's charter, provided that it has evaluated the information and is not aware of any reasonable basis upon which to question its accuracy.

11. Board and Director Performance and Development

- 11.1. The Chair will lead an annual performance evaluation of the Board taking account of any process guidance from the Shareholder. Opportunities for improvement will be agreed and implemented by the Board. In accordance with Annex A of the MOU, every second year this review will be conducted by an external provider with experience in undertaking such reviews.
- 11.2. The Chair will engage with individual Directors to evaluate and discuss performance and professional development.

12. Remuneration, Expenses, Indemnity and Insurance

- 12.1. The Shareholder approves the total remuneration payable to all Directors and the Board determines the amount of remuneration payable to each Director, in accordance with the Board Appointment and Remuneration Policy as set out in Annex A of the MOU.
- 12.2. Where significant additional work is required from a Director for a specific project, additional remuneration may be payable for this work, as agreed with the Shareholder.

- 12.3. POAL reimburses actual and reasonable expenses incurred in carrying out the duties of a Director, in accordance with the Directors' Expenses Policy.
- 12.4. The Directors will not accept gifts or personal benefits of any value from any external party if it would or could be perceived that this could compromise or influence any decision of POAL and under no circumstances will they accept cash gifts.
- 12.5. Directors have the benefit of an indemnity to the extent permitted by law.
- 12.6. POAL will maintain and pay for effective Directors and Officers Insurance at a cost which is fair to POAL. Directors will contribute towards the premium for the indemnity and insurance cover at a rate to be agreed by the Board at each renewal.

13. Inconsistency with Constitution

- 13.1. To the extent that there is any inconsistency between the Charter and the Constitution, the Constitution will prevail.

14. Review

- 14.1. The Board will review this Charter annually.

Approved by the Board: 21 October 2019